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Modified Safety Policy Division Staff Report for Investigation (I.)15-08-019

Order Instituting Investigation on the Commission's Own
Motion to Determine Whether Pacific Gas and Electric
Company and PG&E Corporation's Organizational Culture
and Governance Prioritize Safety

APRIL 2023



**California Public
Utilities Commission**

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List of Acronyms

AB	Assembly Bill
ACE	Apparent Cause Evaluation
BPR	Business Performance Review
CE	Causal Evaluation
CPUC or Commission	California Public Utilities Commission
CRO	Chief Risk Officer
CSO	Chief Safety Officer
CSRO	Chief Safety and Risk Officer
D.	Decision of the Commission
DART	Days Away, Restricted, or Transferred
EH&S	Environmental Health and Safety
Energy Safety	Office of Energy Infrastructure Safety
EOE	Enhanced Oversight and Enforcement
FSS	Field Safety Specialist
GRC	General Rate Case
HR	Human Resources
HSMS	Health and Safety Management System
I. or OII	Order Instituting Investigation
ISM	Independent Safety Monitor
LOB	Line of Business
LTIP	Long-Term Incentive Plan
LWD	Lost Work Day
NorthStar	NorthStar Consulting Group, Inc.
NOS	Nuclear Operations and Safety
NTSB	National Transportation Safety Board
OSHA	Occupational Safety and Health Administration
PG&E	Pacific Gas and Electric Company
PMO	Project Management Office
PMVI	Preventable Motor Vehicle Accidents
PU Code	Public Utilities Code
R. or OIR	Order Instituting Rulemaking
RAMP	Risk Assessment Mitigation Phase
RCA	Root Cause Analysis
RCE	Root Cause Evaluation
RIBA	Risk Informed Budget Allocation
RSAR	Risk Spending Accountability Report
Safety and Operational Metrics	SOMs
SCA	Safety Culture Assessment Safety
SED	Safety Enforcement Division
SIF	Serious Injury or Fatality

SIF-P	Potential Serious Injury or Fatality
SLD	Safety Leadership Development
S-MAP	Safety Model Assessment Proceeding
SNO	Safety and Nuclear Operations
SPD	Safety Policy Division
SPM	Safety Performance Metric
STIP	Short-Term Incentive Plan
T&D	Transmission and Distribution
WGE	Work Group Evaluation
WMP	Wildfire Mitigation Plans

A. OVERVIEW

This Staff Report was developed by the California Public Utilities Commission (CPUC) Safety Policy Division (SPD). It provides a plan for tracking designated recommendations from NorthStar Consulting Group, Inc.'s (NorthStar's) 2017 Assessment of Pacific Gas and Electric Company's (PG&E's) Safety Culture and 2019 First Update Report.

SPD plans to focus monitoring on recommendations that meet one or more of the following criteria:

- Could have a tangible impact on safety outcomes, as advised by NorthStar or as determined by SPD review.
- Were marked as incomplete or not implemented within NorthStar's 2021 Final Update Report.
- Are not being monitored or tracked through other CPUC oversight efforts.

SPD's monitoring will consider how recommendations relate to recent reviews of PG&E's safety programs or safety culture completed by the Federal Monitor,¹ Office of Energy Infrastructure Safety (Energy Safety), or others.²

SPD does *not* plan to track recommendations that:

- Would likely have an unclear, indirect, or indeterminate impact on safety outcomes.
- Were marked as implemented within NorthStar's 2021 Final Update Report.
- Are being monitored or tracked through related CPUC efforts, such as the Independent Safety Monitor, the Enhanced Oversight and Enforcement Process, or the Safety Model Assessment Proceeding (S-MAP), or through Energy Safety's assessment of PG&E's Wildfire Mitigation Plans.
- Are no longer applicable given the time that has elapsed since NorthStar made the recommendation in 2017 or 2019.

B. BACKGROUND

Proceeding History

In August 2015, the Commission opened an investigation (I.15-08-019) to determine whether PG&E has corporate governance, clearly documented organizational goals and objectives, and work procedures that prioritize and improve safety.³ The proceeding was initiated after the National Transportation Safety Board (NTSB) adopted an Accident Report for the San Bruno

¹ Refers to the Federal Monitor that was appointed as part of PG&E's probation in criminal court for felony convictions related to the fatal 2010 San Bruno gas pipeline explosion.

² Refers to the 2021 PG&E Safety Culture Assessment issued by Energy Safety (<https://energysafety.ca.gov/wp-content/uploads/2021-sca-report-pge.pdf>) and subsequent annual safety culture assessments issued by Energy Safety.

³ Documents related to I.15-08-019 are available within the proceeding docket: https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:I1508019.

explosion and fire that killed eight and injured 58 people, citing PG&E's prolonged "organizational failure" as a root cause of the explosion.⁴

NorthStar was selected to perform the assessment, which began in April 2016, on behalf of the Commission's Safety and Enforcement Division (SED). Since the proceeding was initiated over five years ago, NorthStar has issued three reports on PG&E's safety culture:

- In May 2017, NorthStar issued its Assessment of Pacific Gas and Electric Corporation and Pacific Gas and Electric Company's Safety Culture, which investigated whether PG&E's organizational culture and governance prioritize safety and adequately direct resources to promote accountability and achieve safety goals and standards. The report included 65 recommendations for PG&E across the following categories: strategy and governance organization, field operations, budgeting and spending, compensation and performance management, recruiting and training, communications, safety reporting/corrective action, and contractor safety.⁵
- In March 2019, NorthStar submitted its First Update Report to the 2017 safety culture assessment. As directed by SED, NorthStar assessed the status of six recommendations and issued PG&E an additional 22 recommendations. According to NorthStar, two of the six recommendations were complete; one was on target; and three were partially implemented as of early 2019.⁶
- In September 2022, NorthStar's 2021 Final Update Report was issued to the service list, along with the first draft of this Staff Report. NorthStar's 2021 report provides a final assessment of the implementation status of all NorthStar recommendations.

In D.20-11-016, the Commission noted that PG&E's bankruptcy-related proceedings pending before the Commission resulted in a delay in this proceeding, as several of the issues overlapped.⁷ The timeline in Figure 1 (below) provides an overview of I.15-08-019 and related events including PG&E's bankruptcy that have impacted the course and timing of the proceeding.

⁴ NTSB's September 2010 Pipeline Accident Report on the Natural Gas Transmission Pipeline Rupture and Fire San Bruno, California is available at:

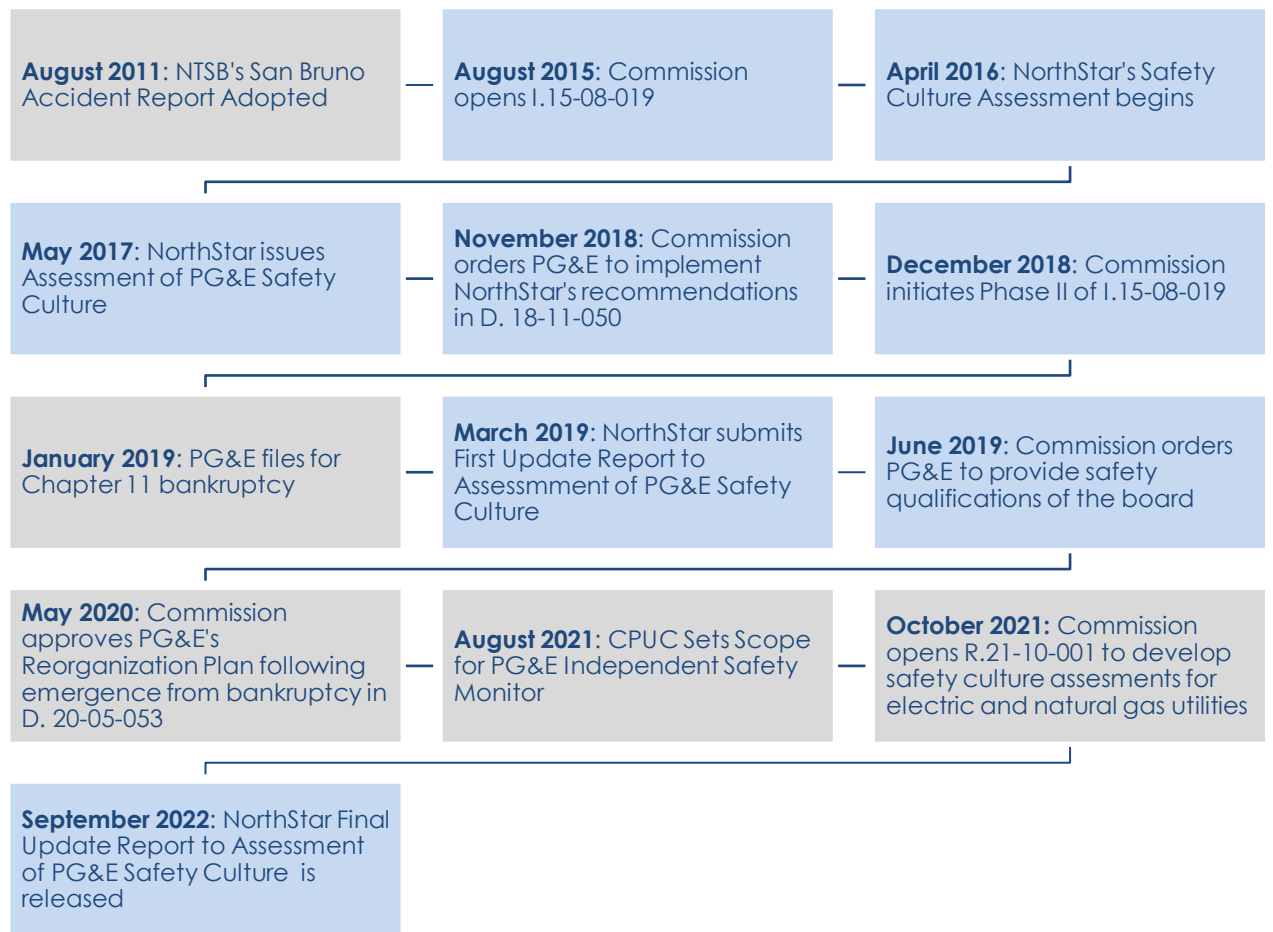
<https://www.nts.gov/investigations/AccidentReports/Reports/PA1101.pdf>

⁵ NorthStar's 2017 report is available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/industries-and-topics/documents/pge/safety-culture/pge-final-safety-report-5-8-17-northstar-consulting.pdf>.

⁶ NorthStar's 2019 report is available at: <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M277/K012/277012719.PDF>.

⁷ D.20-11-016, Order Extending Statutory Deadline, available at: <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M350/K483/350483729.PDF>.

Figure 1. Abbreviated timeline of I.15-08-019 (shown in blue) and related events (shown in grey)



Additional Safety Oversight of PG&E

In determining the plan for future monitoring of NorthStar's recommendations, we considered the extensive initiatives established in recent years by the California Legislature, the Commission, and the federal government to mitigate safety risks posed by PG&E's electric and natural gas infrastructure that had not been implemented when the Commission began its Safety Culture Investigation of PG&E in 2015. While some of these initiatives may supersede recommendations from NorthStar's 2017 and 2019 reports, other initiatives have led to conclusions that confirm NorthStar's previous findings and underscore the need for continued monitoring of certain recommendations.

For example, as a result of PG&E's criminal conviction in the deadly 2010 San Bruno pipeline explosion, the federal court ordered PG&E to report to a federal probation officer that would evaluate, assess, and monitor company activities for five years, commencing in January 2017. This Federal Monitor, whose term ended in January 2022, found that the six most salient challenges PG&E faces include retaining a core leadership team; continuing to improve records management; continuing to improve contractor management; adhering to commitments to invest in long-term safety projects including undergrounding for electrical distribution lines and infrastructure replacement; improving planning and execution of wildfire mitigation efforts; and

ensuring that the employment of resources for wildfire safety does not result in cannibalization of gas safety teams.⁸ NorthStar's assessments highlighted similar issues related to leadership retention, safety record-keeping, and contractor management.⁹

Pursuant to Assembly Bill (AB) 1054 (Holden, 2019), Energy Safety conducts annual Safety Culture Assessments for each electrical corporation with a focus on wildfire and personal safety. In 2021, Energy Safety contracted with DEKRA Services, Inc., (DEKRA) to conduct the inaugural annual Safety Culture Assessment (SCA) for each electrical corporation. DEKRA found that PG&E's 2025 Workforce Safety Strategy is hindered by a disjointed approach and that PG&E's siloed nature and large size create a barrier for advancement of its safety culture,¹⁰ similar to feedback provided by NorthStar in 2019.¹¹ DEKRA's SCA issued by Energy Safety included the following recommendations to PG&E:

1. Build leadership skills and ensure frontline supervisors are demonstrating those skills regularly in the field to improve the work environment for wildfire and personal safety.
2. Establish a governance structure to ensure effective implementation and tracking of the 2025 Workforce Safety Strategy.
3. Execute the strategy with active leadership by senior executives to ensure implementation.
4. Leverage the new safety management system to improve the flow of information up, down, and across the organization and provide a single mechanism for reporting and tracking wildfire concerns.
5. Increase engagement on the safety culture assessment within the workforce supporting wildfire mitigation initiatives.
6. Recognize and take action to mitigate the safety concerns posed by interactions with certain discontented members of the public.¹²

Later, in August 2021, the CPUC set the selection process, scope of work, and schedule for an Independent Safety Monitor (ISM) that will work with Commission staff to augment CPUC oversight of PG&E,¹³ as required by the Commission's Decision (D.)20-05-053 approving PG&E's Bankruptcy Plan of Reorganization.¹⁴ The ISM, which was selected and began its five-year term in January 2022, will focus on the following scope of work:

- Monitoring and alerting Commission staff whether PG&E is implementing its highest priority and risk-driven safety mitigations.

⁸ PG&E Independent Monitor Report of November 19, 2021, pg. 3, Kirkland & Ellis LLP

⁹ See, for example, pgs. I-8 and IV-15 on leadership turnover; recommendations VI-2 and X-1 through X-9 related to safety record keeping; and recommendations XI-1 through XI-6 related to contractor safety from NorthStar's 2019 Report.

¹⁰ DEKRA Services, Inc., 2021 Safety Culture Assessment Report for Pacific Gas and Electric Company (PG&E), issued by Energy Safety, available at: <https://energysafety.ca.gov/wp-content/uploads/2021-sca-report-pge.pdf>.

¹¹ NorthStar's First Update Report, pg. III-23, March 2019.

¹² DEKRA's 2021 Safety Culture Assessment Report for PG&E issued by Energy Safety.

¹³ Commission Resolution M-4855 Approving and denying elements of Pacific Gas and Electric Company's (PG&E) Advice Letter 4401-G/6116-E Requests to Comply with Decision 20-05-053 to Implement an Independent Safety Monitor (ISM) from August 5, 2021:

<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M398/K031/398031023.PDF>.

¹⁴ D.20-05-053, Decision Approving Reorganization Plan, available at:

<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M338/K816/338816365.PDF>.

- Monitoring PG&E's safety-related recordkeeping and record management systems.¹⁵

Additionally, pursuant to Senate Bill (SB) 901 (Dodd, 2018), SPD is developing a process for each regulated electric and gas utility to conduct a comprehensive safety culture assessment at least once every five years through Rulemaking (R.)21-10-001, initiated in October 2021.¹⁶ The regular industry-wide safety culture assessment process developed through R.21-10-001, once in place, may impact the monitoring described within this document. The scope of the proceeding includes a question on how utilities that completed a safety culture assessments in recent years (such as PG&E) should be required to comply with the process developed within R.21-10-001.¹⁷

In addition to these efforts, related safety initiatives that we considered include but are not limited to the following:

- *Enhanced Oversight and Enforcement:* If PG&E makes insufficient progress related to specific triggering events described within D.20-05-053, PG&E triggers the Enhanced Oversight and Enforcement Process (EOE Process). On April 15, 2021, PG&E was placed in Step 1 of the EOE Process for insufficiently prioritizing its Enhanced Vegetation Management based on risk and was required to submit a Corrective Action Plan within 20 days (Resolution M-4852).¹⁸ On December 1, 2022, PG&E was removed from Step 1 following completing of required corrective actions.¹⁹
- *Risk-Based Decision-Making Framework:* Through R.20-07-013, the Commission is building on requirements for the utility risk assessment and mitigation framework adopted in the first Safety Model Assessment Proceeding (S-MAP), A.15-05-002 et al., and in R.13-11-006, the Risk-Based Decision-Making proceeding.²⁰ In D.21-11-009, the Commission refined safety performance metrics adopted in the first phase of the S-MAP proceeding (D.19-04-020)²¹ and developed new safety and operational metrics as needed to link to the Enhanced Oversight and Enforcement Process (above).²² D.21-11-009 also clarified the Risk-Based Decision-Making Framework (RDF) technical requirements for utilities. D.19-04-020 also required utilities to submit Risk Spending Accountability Reports (RSAR), comparing authorized spending to actual spending.
- *Executive Compensation:* PG&E is required to report annual executive compensation awards to the Commission through the Tier 1 Advice Letter filing process, and to address how such awards comply with certain requirements of the bankruptcy decision, D.20-05-053. Additionally, to receive a Safety Certification from Energy Safety, all

¹⁵ See Commission Resolution M-4855.

¹⁶ Documents related to R.21-10-001 are available within the proceeding docket:

https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:R2110001.

¹⁷ See question seven in the Scoping Memo for R.21-10-001:

<https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M471/K485/471485952.PDF>.

¹⁸ For more information, see: <https://www.cpuc.ca.gov/industries-and-topics/pge/pge-oversight-and-enforcement>.

¹⁹ Commission Resolution M-4864.

²⁰ Documents related to R.13-11-006 are available within the proceeding docket:

https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:R1311006.

²¹ D.19-04-020, Phase II Decision Adopting Risk Spending Accountability Report Requirements and Safety Performance Metrics for Investor-Owned Utilities and Adopting a Safety Model Approach for Small and Multi-Jurisdictional Utilities, available at:

<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M288/K389/288389255.PDF>.

²² See D.21-11-009, available at:

<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M421/K107/421107805.PDF>

electrical corporations must obtain approval on their Executive Compensation Structure from Energy Safety to ensure compensation structures incentivize safety, pursuant to Public Utilities Code (PU Code) § 8389(e)(4).

- *Wildfire Mitigation Plans (WMPs)*: Pursuant to SB 901 (Dodd, 2018) and AB 1054 (Holden, 2019), Energy Safety reviews utilities' three-year Wildfire Mitigation Plans and annual Updates, which outline their proposed activities to prevent and reduce impacts from utility-related ignitions.
- *Independent Evaluators*: Independent, third-party evaluators must assess compliance with annual WMPs; validate quality assurance/control programs in place for WMP compliance; and determine if the utility failed to fund any activities within their WMPs, pursuant to PU Code 8386.3(c)(2).
- *Root Cause Analysis Consultants*: In D.20-05-019, the Commission required an independent root cause analysis (RCA) consultant to conduct RCAs for specific 2017 and 2018 wildfires that involved PG&E facilities. The RCA consultant will analyze the factors that contributed to wildfire ignitions and make recommendations of systemic, programmatic, management, and structural matters that should be addressed to mitigate the risk of similarly caused fires in the future.
- *Safety Evaluators*: In D.20-05-019, as part of the 2017-2018 Wildfire Settlement Agreement, the Commission directed PG&E to retain independent consultant(s) to perform independent wildfire safety audits and reviews their policies and procedures, practices, and compliance with shareholder-funded System Enhancement Initiatives and to assess financial data related to PG&E's Wildfire Safety Plans over a three-year period.
- *Locate and Mark System Enhancement Initiatives*: In D.20-02-036 (approving the Locate and Mark settlement), the Commission required PG&E to complete 28 System Enhancement Initiatives including retaining three independent consultants to conduct a compliance and ethics corrective action audit, locate and mark compliance and timeliness audit, and a locate and mark field compliance audit.²³
- *Oversight of Public Safety Power Shutoffs*: In the Phase 1 (D.19-05-042) and Phase 2 (D.20-05-051) Decisions of the Public Safety Power Shutoff (PSPS) Rulemaking (R.18-12-005), the Commission issued requirements for electric investor-owned utilities to mitigate the impacts of PSPS on customers and communities and to protect public safety. I.19-11-013 and the Phase 3 Decision for R.18-12-005 (D.21-06-034) broadened existing guidelines to include pre-and post-season reporting and identification of critical facilities and infrastructures.²⁴
- *Regional Restructuring*: In D.20-05-053, the Commission ordered PG&E to implement regional restructuring in an effort to improve its safety performance and responsiveness to local communities. Through D.22-06-028, the Commission adopted a multi-party settlement agreement and approved PG&E's updated Regionalization Proposal.²⁵

²³ See D.20-02-036 Presiding Officer's Decision:

<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M327/K660/327660032.PDF>.

²⁴ Documents related to R.18-12-005 are available within the proceeding docket:

https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:R1812005. D.02-06-034 is available at: <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M389/K955/389955672.PDF>.

²⁵ D.22-06-028, Decision Approving a Multi-Party Settlement Agreement in Part and a South San Joaquin Irrigation District Settlement Agreement in Totality:

<https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=488541105>.

Where applicable, this Staff Report notes how SPD will coordinate with the initiatives described above to track specific NorthStar recommendations and to ensure that this work complements but does not duplicate other safety oversight efforts.

C. SPD'S PLANNED TRACKING OF SELECTED RECOMMENDATIONS

This section describes planned data requests and monitoring of recommendations that could have a tangible impact on safety outcomes, were marked as incomplete or not implemented within NorthStar's 2021 Final Update Report, or are not being monitored or tracked through other CPUC oversight efforts, as outlined in Section A.

SPD will continue tracking each recommendation described in this section as follows:

1. PG&E shall file an Advice Letter to SPD that includes, for each recommendation included in this Updated Staff Report, responses to the data requests corresponding to the recommendation.
2. In its review and disposition to the Advice Letter, SPD will determine if any recommendations can be closed out and marked as complete based on PG&E's responses to the data requests.
3. Thereafter, for NorthStar recommendations that SPD determines should still be monitored, PG&E shall continue to respond to the questions from the data requests in this document, or any follow-up questions or data requests, as directed by the Director of SPD, through a semi-annual Advice Letter by the end of March and the end of September unless otherwise directed by the Commission.

Recommendations are listed within the chapters used by NorthStar in its Final Update Report. Where applicable, tracking activities are also grouped for certain recommendations, following the organization used by NorthStar in its Final Update Report and PG&E in its implementation plans.

Strategy and Governance

NorthStar Recommendations F-4 and III-3

- F-4: Development of a comprehensive safety strategy, with associated timelines/ deliverables, resource requirements and budgets, personnel qualifications, clear delineation of roles and responsibilities; action plans, assignment of responsibility for initiatives, and associated metrics to assess effectiveness. This should be followed with the identification of necessary corporate and Line of Business (LOB) safety resource requirements and development of an appropriate organization structure.
- III-3: Develop a comprehensive safety plan (by the end of 2017) that incorporates LOB and Corporate Safety activities to eliminate duplication, prevent gaps and appropriately prioritize expenditures. The plan should address culture, employee health and wellness, contractor safety, employee safety and public safety. Solicit input from throughout the organization, particularly the field, in the development of the plan. The environmental function was

removed [from] the Safety, Health & Environment organization. It should have its own plan. Elements of the [Safety and Health] plan should include:

- Clear definition of the problem
- An in-depth, data-driven evaluation of the current as-is state
- Definition of the to-be state (i.e., what does good look like)
- Roles and responsibilities of corporate safety vis-a-vis LOB personnel
- Tangible goals and objectives
- Staffing/resource requirements and personnel qualifications
- Clear assignment of responsibilities
- Realistic timeline
- Metrics to assess effectiveness
- Defined budget
- Action plans
- Communications and change management plan.

The plan should be updated annually for at least two years and then at least every three years thereafter, with quarterly/annual monitoring of progress relative to the plan. The comprehensive plan should include all safety plans and programs of the Company, except for specific asset-related safety plans (such as asset management plans, leak survey programs or vegetation management) that should continue to be the responsibility of the various LOBs. The plan should be approved by the NOS (Nuclear Operations and Safety), now the Safety and Nuclear Operations (SNO) Committee and the Boards, and endorsed and supported by executive management and the CPUC. The plan must be clearly communicated throughout the organization.

Related Initiatives

This recommendation may relate to the following recommendations from the 2021 Safety Culture Assessment Report for PG&E conducted by DEKRA on behalf of Energy Safety:

- Establish a governance structure to ensure effective implementation and tracking of the 2025 Workforce Safety Strategy.
- Execute the strategy with active leadership by senior executives to ensure implementation.²⁶

As such, SPD will work with Energy Safety to monitor continued implementation of the recommendations.

Data Requests for Ongoing Monitoring by SPD

- Provide current safety strategy and implementation status, and an update on implementation of recommendations F-4 and III-3.
- Provide status of asset management systems/certifications.
- Provide implementation status of the PG&E Safety Excellence Management System (PSEMS). Describe how PSEMS addresses public safety.

²⁶ See pg. 18 of DEKRA's 2021 Safety Culture Assessment Report for PG&E, issued by Energy Safety, available at <https://energysafety.ca.gov/wp-content/uploads/2021-sca-report-pge.pdf>.

- Provide an update on Electric Operations and Power Generation’s plans to adopt process safety and safety culture standards.

NorthStar Recommendation U-6

U-6. Increase CSO [Chief Safety Officer] oversight and governance over public and other aspects of safety to mitigate potential silos and ensure risks are adequately addressed.

Related Initiatives

- On December 15, 2021, the Pacific Gas and Electric Company (PG&E) filed a petition to modify D.20-05-053 for consolidating the safety and risk functions into a single organization led by an individual who will hold the combined title of Chief Safety and Risk Officer (CSRO). D.20-05-053 requires that PG&E have a separate Chief Risk Officer (CRO) and Chief Safety Officer (CSO).²⁷ The Commission granted this request in D.22-08-035 issued on August 29, 2022.²⁸ However, as of February 2023, PG&E has again reorganized its senior leadership team with its previous CSRO taking another officer position.

Data Requests for Ongoing Monitoring by SPD

- Provide an update on the status of and plans for the CRO/CSO/CSRO role.
- Provide documentation to show how reporting to the CSO/CRO position, implementation of NorthStar’s recommendation, and coordination of safety and risk activities have changed since the CSO/CRO roles were consolidated.

Organization

NorthStar Recommendations IV-1 and IV-5

IV-1: Appoint a Corporate Safety Officer who has both operations and professional safety experience.[...].

IV-5: Improve the safety credentials of personnel in PG&E’s safety functions and organizations.

Related Initiatives

In August 2022, the Commission approved PG&E’s Petition for Modification of D.20-05-053 requesting the ability to consolidate the CSO and CRO into one position (described above).

Data Requests for Ongoing Monitoring by SPD

- Provide proposed electric and gas utility operations and safety training curriculum for current and future CRO/CSO/CSROs.

²⁷ Petition of Pacific Gas and Electric Company (U39M) for Modification of D.20-05-053 found at <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M431/K692/431692768.PDF>.

²⁸ D.22-08-035 is available at: <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M496/K657/496657409.PDF>.

Field Operations

NorthStar Recommendation U-10 and U-14

U-10: Increase the number of Supervisors in Electric Operations, Gas Operations and Power Generation field operations to comply with Corporate Procedure HR-2010-P01 thereby limiting the span of direct reports to a maximum of 1:20.²⁹

U-14: Move completed work review to the jobsite, allowing for immediate feedback before electronic records and paperwork are finalized, as discussed in PG&E's January 8, 2018, Testimony (p. App 2A-4/Adobe p. 129/521).

Data Requests for Ongoing Monitoring by SPD

To implement this recommendation PG&E shall provide:

- The results of PG&E's 2020 study correlating safety incident rates and leader in the field time.

Compensation and Performance Management

NorthStar Recommendation VII-7

VII-7: Improve the internal sharing of best practices. Increase the level of involvement by different groups and employee levels. As an example, NorthStar performed a management audit of National Grid Gas' New York operations a few years ago for the New York Public Service Commission. The utility had a fairly robust process improvement program. NorthStar's report describing the process is available on the New York State Department of Public Service's website.

Related Initiatives

This recommendation may relate to the following recommendation from the 2021 Safety Culture Assessment Report for PG&E conducted by DEKRA on behalf of Energy Safety:

- Leverage the new safety management system to improve the flow of information up, down, and across the organization [...].³⁰

As such, SPD will work with Energy Safety to monitor continued implementation of this recommendation.

Data Requests for Ongoing Monitoring by SPD

- Describe how sharing of best practices has changed with the deployment of Lean throughout the organization (not just within Enterprise Health and Safety). Provide metrics PG&E is using to measure the efficacy of Lean in sharing information and best practices.

²⁹ NorthStar Update Report 3-29-2019, Page III-44.

³⁰ See pg. 19 of DEKRA's 2021 Safety Culture Assessment Report for PG&E, issued by Energy Safety, available at <https://energysafety.ca.gov/wp-content/uploads/2021-sca-report-pge.pdf>.

- With Lean, are best practices shared across different lines of business and throughout the organization overall, or just within the organizational workstream? If so, how?

Safety Reporting/Corrective Action Program

NorthStar Recommendations X-8 and X-9

X-8: Develop a single, consistent enterprise causal evaluation standard combining Utility Standard: SAFE-1004S (Serious Investigation Standard) and the Enterprise Causal Evaluation Standard (Utility Standard: GOV-6102S) [referred to as the Kern Standard]. Incorporate the following improvements:

- Determine whether Root Cause Evaluations (RCEs) should be required for: 1) an injury involving inpatient hospitalization for a period in excess of 24 hours for other than medical observation; and, 2) a loss of any part of the body (including eye), or any serious degree of permanent disfigurement (includes tissue damage without loss of bone).
- Require documentation of the rationale for the selection of the Causal Evaluation (CE) type for all incidents, including near hits.
- Require assignment of responsibility for ensuring all corrective actions are thorough, appropriate, have been completed, and have been appropriately communicated.
- Require assignment of responsibility for ensuring that the effectiveness evaluation has been completed, is thorough, and any findings have been effectively addressed.
- Include a process flow/timeline that extends to the completion of the effectiveness evaluation, similar to that included in Utility Standard: SAFE-1004S Publication Date: 05/31/2015, Rev: [1].
- Provide a summary to all employees for the cause and corrective actions taken/to be taken once an incident investigation is complete (Apparent Cause Evaluation [ACE]/RCE). All PG&E employees are notified via email within 24 hours of the incident providing a brief summary of the incident. There is no such requirement for closure. NorthStar's review of safety-related communications to all employees evidenced the initial notification and the lack of any commensurate notification upon completion of the investigation.

X-9: Compare all LOB CE Standards to ensure the processes are consistent and all required elements are defined. As an example, the Power Generation Procedure includes a discussion of the Work Group Evaluation (WGE) process. Electric T&D and Gas Operations procedures do not. Gas Operations procedures do not include an RCE process timeline and appear to group RCE and ACE. The RCE communications plan for all procedures should include the communications process for follow-up on the Effectiveness Review Plan. Establish guidelines for communication of the corrective actions and the effectiveness reviews, as these are currently tracked separately by LOB.

Data Requests for Ongoing Monitoring by SPD

- Provide redline versions of the 2021 guidance documents for the Enterprise Cause Evaluation Standard and the Cause Evaluation Procedure or provide a summary of changes from the prior versions. Describe how a summary of the causes of incidents and corrective actions is shared with employees.

Contractor Safety

NorthStar Recommendation XI-1

XI-1: Corporate Contractor Safety should select the projects for review rather than the LOBs and conduct surprise field visits to assess contractor safety practices.

Data Requests for Ongoing Monitoring by SPD

- Provide the targeted and actual number for both announced and unannounced contractor field safety observations by LOB. Explain how these targets are determined for each LOB.
- With reference to the Contractor Safety Assessment Process, provide: 1) the LOB compliance assessment targets assigned to each Contractor Safety Assessor, 2) the projects selected for review by each Assessor and the basis for their selection, 3) all documentation showing that these field visits were scheduled and completed, including assessment results and any follow-up actions that were to be taken by the contractor or by PG&E.
- Explain how implementation of the recommendation has changed with PG&E's adoption of a new contractor safety standard as part of the 2025 Safety Strategy initiative.

NorthStar Recommendation XI-4

XI-4: Facilitate the sharing of best practices and lessons learned regarding the LOBs' implementation of the Contractor Safety Standard, addressing both organizational and procedural issues, including:

- Roles of safety specialists, inspectors and work supervisors with respect to Contractor Safety (See discussion of Recommendation XI-5)
- Benefits of a separate contractor safety group
- Contractor safety training for safety specialists and inspectors
- Frequency of field observations (See discussion of Recommendation XI-5)
- Field observation data and trend analyses.

Following the determination of best practices:

- Each LOB should update its Contractor Safety procedures to reflect its current organization, clarify responsibilities and reflect best practices. (See discussion of Recommendation XI-5.)
- Corporate Contractor Safety and LOB personnel with contractor safety experience should develop or revise contractor safety training for safety specialists and inspectors.
- Corporate Contractor Safety, or a LOB contractor safety representative, should work with appropriate PG&E personnel to update the Guardian observation tool to provide a useful mechanism to observe trends and track contractor safety performance.

Data Requests for Ongoing Monitoring by SPD

- Provide PG&E's new Contractor Safety Standard and a summary of changes from the previous Standard. Explain if/ how implementation of the recommendation has changed with the adoption of the new standard.

Project Management Office (PMO) Recommendations

NorthStar Recommendation U-4

U-4: In addition to the status of the implementation of NorthStar's recommendations, continue to report to the Commission on any significant changes that might affect the sustainability of the recommendations.

Data Requests for Ongoing Monitoring by SPD

- Report to the Commission on any significant changes that might have a significant impact on safety initiatives, reporting, or outcomes.

(END OF ATTACHMENT A)